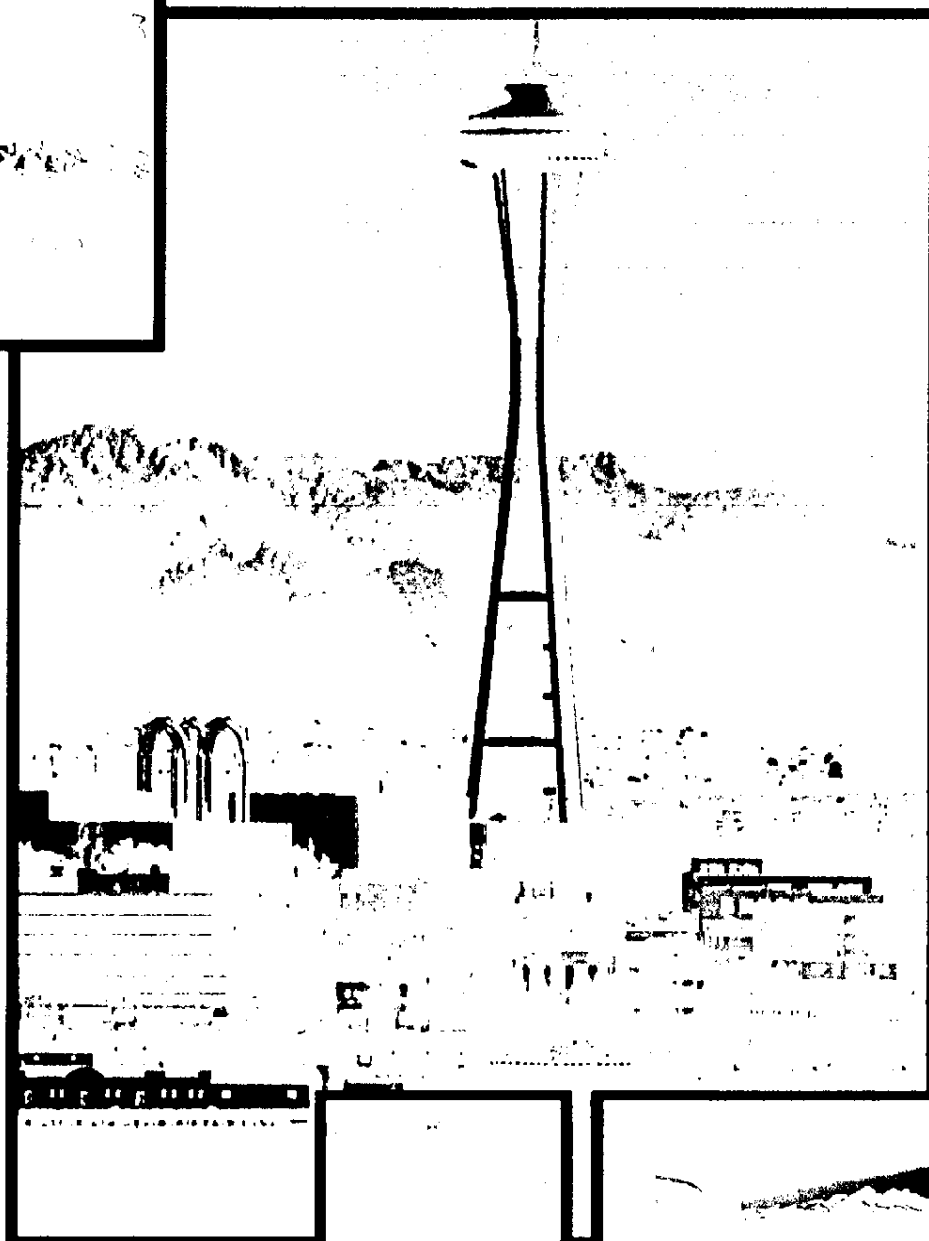
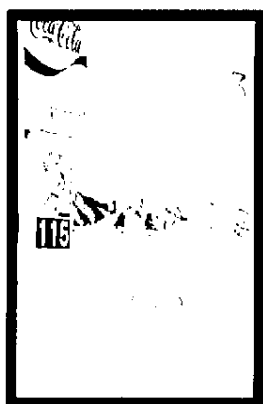


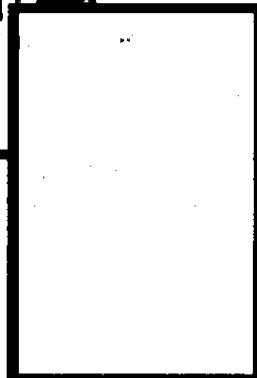
SATIS

MERCHANDISER

R.J. Reynolds Tobacco Co./Sales Dept./September-October 1984



Seattle — Camel Country



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Employee's son wins college scholarship

Sean P. Campbell has been chosen as the 11th child of a Reynolds



Tobacco employee to receive a 1984 R.J. Reynolds Industries, Inc. scholarship, administered by the National Merit Scholarship Corporation.

Campbell, 18, is the son of James Scott Campbell, assistant division manager in the Orlando, Fla., division. A graduate of Bishop Moore High School in Orlando, Campbell intends to study premedicine at the University of Florida at Gainesville.

As a scholarship recipient, Campbell will receive an annual stipend of \$500 to \$3,000 for four years or until he receives a bachelor's degree, whichever comes first. The amount he receives will be based on his college costs and financial circumstances.

West Virginia Tech salutes R.G. Dyer

R.G. Dyer, director of sales - South Atlantic Sales Area, was honored in October as the 1984 Alumnus of the Year of West Virginia Institute of Technology.

On the cover

Because of its rugged terrain and exceptionally strong Camel market, the Seattle sales region could aptly be called Camel Country. This issue of Sales Merchandiser explores the region, with stories beginning on page 6.

Cover photo of the Seattle Space Needle by G. Allison, courtesy of the Seattle-King County Convention and Visitors Bureau.

RJR wins POPAI 'Chief' award for excellence in point of sale

ABC News Chief Foreign Correspondent Pierre Salinger recently took some time off from his hectic schedule of reporting on world events to help honor R.J. Reynolds Industries, Inc.

On Oct. 3, Salinger announced to a packed Grand Ballroom at the Marriott Chicago Hotel that Reynolds Industries had won the first "Chief Award of Excellence" of the Point of Purchase Advertising Institute (POPAI).

"I am deeply honored to have been asked to be here tonight to accept this award," said Reynolds Tobacco President Gerald H. Long after Salinger presented the award — a laser-engraved Baccarat crystal, designed by Cartier for POPAI.

"We consider this award to be a very special mark of achievement for the R.J. Reynolds family, for it tells us that the finest professionals in the field recognize our effort and commitment."

The POPAI "Chief" award was created this year to recognize the company that best exemplifies leadership in the use of point-of-sale materials at retail. Criteria in choosing the award recipient included the company's:

- Belief in the value of POS to impact consumers with brand image and product availability.
- Use of POS materials with merchandising and promotion programs as an integral accompaniment to advertising in selling and marketing products.
- Development of the highest quality, most functional and flexible POS materials and programs in the industry.
- Use of the latest technology and the company's effective-

ness in helping retailers understand the value of POS materials in enhancing sales and profits.

- Use of ethical business practices in dealing with suppliers.

"At R.J. Reynolds, we have long recognized the critical importance of effective point-of-purchase materials and have devoted significant financial and human resources to developing innovative, quality POP," Long told those attending the awards dinner.

He noted RJR's reason for placing such great importance on point-of-sale materials.

"Each form of advertising and promotion has its role, but in very candid terms, point-of-purchase is the only form that is at hand when consumers reach for their money," Long said. "In many purchase decisions, it can be the deciding factor."

"Carrying that philosophy to its logical conclusion, it can only follow that a company seeking to be a premier consumer products company must be a leader in point-of-sale."



Gerald Long (right) receives the first POPAI "Chief" award from Pierre Salinger

MEMO

From the Vice President — Field Sales

New strategy working well



Beginning in January 1984 we set a new direction for our company, a completely new strategy and philosophy.

The strategy called for aggressive support of brands with a .20 and above share of market, based on regional performance. Brands at .19 and below would be allowed to seek their own level in the marketplace. That strategy is working well for us.

By implementing the .20 proposition, you have gained valuable space on our carton and package fixtures for our growth and core brands, as well as new brands. You have also reduced the brand mix carried on your vehicles, allowing you to concentrate more on the opportunity brands in your assignment.

But the real test of the strategy was whether it would have a significant effect on reducing returned goods. Well it has. In fact, returned goods so far in 1984 are 19 percent below last year. That is a remarkable achievement. And the credit goes to you.

No matter how good a plan is, it won't work unless it is well executed. Once again, you have demonstrated your ability to take a new concept and carry it to success.

Sincerely,



Ralph Angiuoli

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New sales representatives get fired up at annual orientation in Winston-Salem

Each year the event gets bigger and — judging from feedback — better, too. A record 230 new sales representatives attended this year's orientation.

The group was brought to Winston-Salem for four days of business meetings and social activities to learn more about the company and the Sales Department and its mission. Those who attended also got a chance to talk with employees in the Home Office and to compare notes with colleagues from throughout the country.

Following are some of the scores of comments that were sent in after the reps returned to the field.

NORTH ATLANTIC SALES AREA

This week, without a doubt, was one of the most exciting weeks of my life. I realized our company was big, but that tour was mind boggling. The dedication and enthusiasm of the Home Office was also overwhelming. I now realize why we are number one and will always stay number one.

T.R. Weller, Harrisburg, Pa.

The sales orientation program was fantastic. The information that I received about my company has helped me understand that the tobacco industry is alive and well and RJR is leading the way.

M.E. Hatch, Portland, Me.

SOUTH ATLANTIC SALES AREA

It was a very rewarding experience that will long be remembered. It does one good to see the dedication and commitment of so many towards the future of R.J. Reynolds Tobacco Company.



This year's orientation boasted a record 230 sales representatives.

The R.J. Reynolds sales orientation was absolutely super. It leaves one with a feeling that we are all indeed a "team," one that supports each other through all the phases from manufacturing to the final sales. We are the "champions" and we have "PRIDE IN RJR."

C.D. Huffman, Charlotte, N.C.

NORTH CENTRAL SALES AREA

When we were able to see how many thousands of people are involved in making this company the

success that it is, it makes you proud to be such a big part of it. You realize that if we don't sell, they don't work.

R.J. Dobry Jr., West Chicago, Ill.

This was the best planned and the most meaningful meeting that I have ever attended. With the organization and equipment that is behind the Sales Force, there is no doubt in my mind that we are No. 1 in the tobacco industry.

R.L. Wright, Columbus, Ohio

MID-CONTINENT SALES AREA

It was fascinating and staggering to discover what time and money go into the development of our selling tools, programs and promotions.

Veronica L. Moran, Oklahoma City, Okla.

I came back feeling like I belonged to a very special organization. Being out in the field makes you forget that there are a lot of parts that make the whole organization.

Carol D. Ash, Paducah, Ky.

PACIFIC/MOUNTAIN SALES AREA

The sales orientational meeting in Winston-Salem was highly motivational and gave me a better understanding of how important each and every department is in making RJR No. 1 in the tobacco industry.

P.A. Hodgson, Salt Lake City, Utah

Thank you RJR for the wonderful orientation week. Our lodging, food, entertainment and tours were the best. It truly reflected the commitment to quality that is evident throughout our company. RJR — you're the greatest.

L.S. Langston, Sacramento, Calif.

New procedures sharply reduce returned goods

Field Sales' implementation of new Sales Department policies that went into effect the first of this year has saved the company millions of dollars by significantly decreasing the incidence of returned goods.

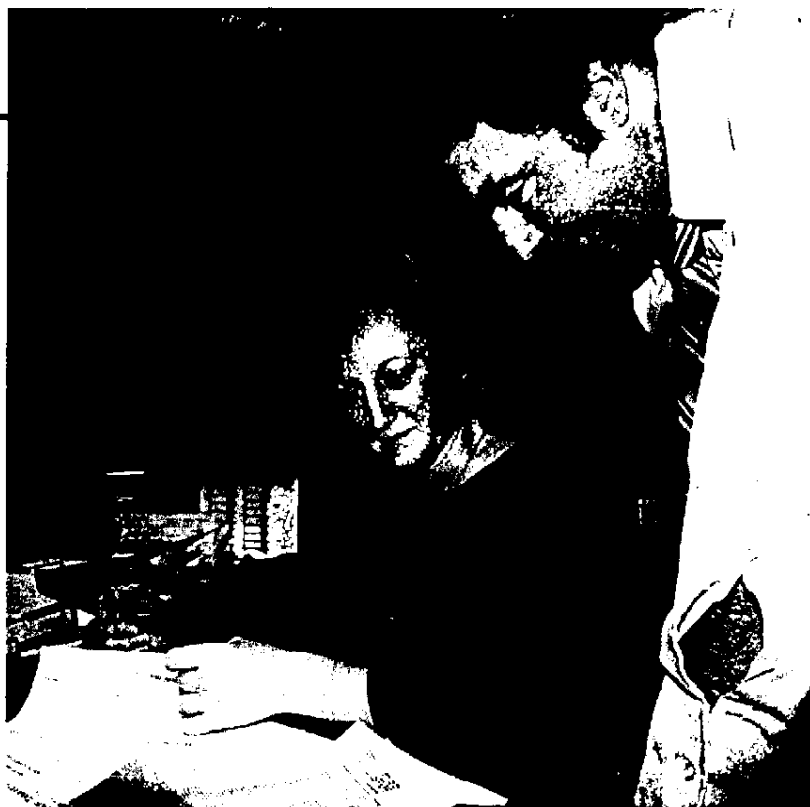
Year-to-date figures show that the returned goods rate is 19 percent lower than the comparable period in 1983. Garland Fearrington, supervisor of Returned Goods Accounting, says that decrease is largely the result of the efforts of the Field Sales force.

"Their adherence to the program concerning low-volume brands is apparently paying off," Fearrington says, referring to the new policy limiting sales efforts on brands having less than a .2 share in a given market.

While Fearrington attributes a large part of the decrease to the new policy, he says that good product rotation is still the single most important factor in reducing the incidence of returned goods.

"By rotating product, we decrease the incidence of product aging out on the shelf, saving the company the money it would cost to buy that product back," he says. "And the product cost isn't the only factor, since we also pay handling and shipping charges on all returned goods."

Fearrington notes that all Field Sales' recommendations concerning returned goods are carefully reviewed and many are implemented.



Returned Goods Assistant Karen Burick and Garland Fearrington review a returned goods form.

For instance, he says, because of Field Sales' suggestions:

- Self-addressed returned goods envelopes will be sent to all pick-up jobbers in November.
- New returned goods forms that will be available in November have an expanded area for noting tax information, and instructions are printed on the back of the new form.
- Moisture-activated case labels have been replaced by pressure labels that include a space for the packing slip number.

"All of these changes make it easier on our people and the pick-up jobbers and speed up our receipt of returned goods and returned goods paperwork," Fearrington notes.

Timely receipt of returned goods is especially important because the company sends reimbursement checks to jobbers as soon as returned goods paperwork is processed, he says.

Sometimes the goods themselves, which are shipped to the company's Product Recovery Operations Department, don't arrive until after the check is sent. If there is a quantity discrepancy between the paperwork and the goods, Fearrington's unit has to contact the jobber and clear up the problem.

Fearrington notes that a new Returned Goods information system that will be on line by the end of the year will increase the need for Field Sales employees to make sure that Returned Goods forms are complete and accurate.

Ensuring product freshness at the retail level is, and has always been, a major accountability of the Field Sales force. Proper product rotation in stores, with careful attention to shelf-life code dates, is still the best defense against returned goods.

Strong individualism and rugged terrain make the Seattle region Camel Country

If R.J. Reynolds had set out to create a cigarette and image with strong appeal in the Seattle sales region, the company couldn't have done much better than the Camel brand family and the Camel World campaign.

Just about any Camel advertisement could have been photographed somewhere in the Seattle region. From the mountains of Wyoming to the vast Montana plains; from the glaciers of Alaska to the lush forests and barren deserts of Washington and Oregon; even in the cold grasslands of northern Idaho — the Seattle region is clearly Camel Country.

In a region that annually accounts for about \$225 million in R.J. Reynolds' sales, the Camel family maintains an impressive 10.2 share, ranking less than a share point below Winston, at 10.9.

"If this isn't the strongest Camel market in the country, then our Camel share is certainly the highest as a percentage of total region share," says Regional Manager E.R. "Gene" Haisch Jr. "Our overall mid-year share is 34.4, so Camel accounts for nearly one out of every three cigarettes we sell here."

Sales personnel throughout the region attribute Camel's strength to the terrain and climate. The rugged individualism that marks the Camel image is a way of life for much of the region's population.

Generics are also unusually strong, with a 5.7 regional share, compared with 4.1 last year. That strength is partly the result of the large number of military bases, which account for 4.7 percent of RJR regional volume.

Price is also important because of the high unemployment rate caused by several years of sluggish national

housing starts — a disastrous situation in an area that counts timber and forestry among its major industries.

Menthols are weak, as they generally are in northern climates. Another factor is the region's lack of significant black and Hispanic populations. The only large minority ethnic groups are American Indians and Asians, neither of which display any



strong brand preferences.

The region is divided into five geographical divisions and one chain accounts division. Sixty-five percent of its business takes place in the Portland/Seattle corridor, a lush, rainy area that stretches from Canada to California, cradled between the Cascade Mountains and the Pacific Ocean.

The corridor contains three divisions: North Seattle, which extends from the middle of Seattle up to the Canadian border and includes Alaska (see story on page 12); South Seattle, which runs from Seattle down to about 30 miles north of the Oregon border; and Portland,

Ore., which covers the Vancouver area of southwestern Washington and all of western Oregon.

The Spokane, Wash., division spreads across three states, covering eastern Washington and Oregon, and the upper Idaho panhandle. The Billings, Mont., division contains all of Montana and all of Wyoming except the southwestern corner.

Chain Accounts

North and South Seattle are predominantly chain markets. "The unique thing," says Chain Accounts Manager Dick Allen, "is that one chain — Safeway, with 124 stores — does 40 percent of the grocery business and the next one, Tradewell or Albertson's, is way down, with only 9 percent."

Smaller chains, like Quality Food Centers, Lucky's and Uddenbergs, each account for about 7 percent of the business, with the remainder divided among numerous four- and five-store chains.

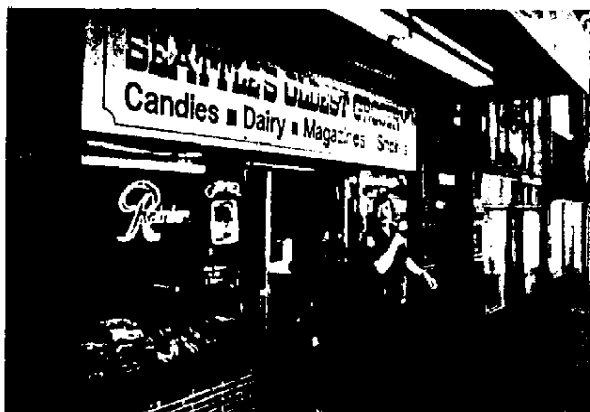
Because Safeway is so large, the smaller grocery chains tend to follow its lead. "The first question they always ask me is 'What's Safeway doing?'" Allen says. "So I usually try to approach Safeway first. But because the other chains do 60 percent of the business, I can't afford to spend too much time with Safeway."

The dominant convenience chain is Seven-Eleven, with 450 stores regionwide. Pay 'n' Save leads the drugstore chains with 91 stores, including those in Alaska.

North Seattle

There's a saying in the Seattle region: "If you can see Mount Rainier, it's going to rain. If you can't see Mount Rainier, it is raining."

Unlike most generalizations, this



one is true. Throughout the Portland/Seattle corridor, light rain falls virtually every day from mid-October until early June. As North Seattle Sales Representative John A. O'Guin III puts it, "It's a nagging type of drizzle."

But, like his colleagues, O'Guin doesn't let the rain get him down. "I look at it as just the opposite," he says. "You get to see this pretty green all the time, and most of the year the weather's fairly temperate."

Rain plays an important role in sales situations, according to North Seattle Division Manager John S. Alley. "The rain really slows people down," he says. Some of these stores may not get a customer for an hour, so the shop owners want you to spend a little more time with them.

"So you have to learn to work and talk at the same time. Establishing a personal relationship is very important to success here, and maintaining an aggressive posture without pressuring the call is a big challenge."

Chuck Julian, Alley's assistant, agrees: "Success depends on continually, gradually building rapport, and what we try to impress upon our sales reps is that it's not Chuck Julian or John Alley or John O'Guin, it's R.J. Reynolds. You try to build a good rapport with RJR."

The Washington portion of the North Seattle division is primarily a metro market that is worked by seven sales representatives. Seattle has a population of 494,000, with almost 1.4 million people in the greater metropolitan area. Boeing Aircraft Com-

pany, the largest employer in the state, with 86,000 employees, has its headquarters and a number of manufacturing plants in and around Seattle.

One unusual feature of the division is the exceptional strength of

Vantage near the Canadian border. Lanny Speyer, the area sales representative in northwesternmost Washington reports that Vantage accounts for 6 percent of a total 42 percent RJR share of market in his assignment.

South Seattle

Although the South Seattle division includes Tacoma, with a population of 200,000, and Olympia, which is home to 70,000 people and the state government, the division is predominantly rural. It is covered by 11 area sales representatives, four of whom work metro markets. One of them is Washington native Valerie J. Vessey, whose assignment lies just south of Seattle.

The best way to deal with the rain, Vessey says, is by wearing a coat with a hood. "An umbrella is impossible to carry with your call bag, so you just put a piece of cardboard over your POS. When it rains hard, you can put your display together in the van — and then run into the call."

South Seattle Division Manager Dennis Hill has spent 13 of his 15 years with Reynolds Tobacco working in North and South Seattle.

"Seattle has grown tremendously since I've been here," he says. "There's been a lot of influx from California, and we've seen an increase in the number of convenience stores and gas stations. I think Reynolds has developed the tools we need, though, especially our over-heads and MCDs."

Camel Filters, Camel Lights and Camel regulars are each among the top-10 brands in the South Seattle Division, notes Assistant Division Manager Cliff Smith.

Among the more unusual geographical features of the division are Mount Rainier and Mount St. Helens. May 18, 1980 — Hill remembers that day very well. "We had a Camel Pro race scheduled at Castle Rock when the mountain blew," he recalls. "They had to cancel the race. The ash and mud and rock just covered up the track."

Portland

Portland is a cosmopolitan city of 370,000, swelling to 1 million in the greater metro area. The diversity of employers in Portland helps stabilize the economy. But outside the city, timber is king — and its crown has lost much of its luster in recent years.

Portland Division Manager Gary Atkinson and his two assistants, Paul Wilhour and Chris MacAdams, oversee the work of 16 sales representatives, eight of whom work the Portland metro area.

"This is a chain dominated market," explains Atkinson. "Grocery chains (including Fred Meyer, Safeway and Payless) do 60 percent of the busi-



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CAMEL COUNTRY



ness, and Glaser Brothers does 20 percent. The smaller jobbers are being bought out by larger wholesalers, so the market is tightly compressed."

The market is extremely price competitive, with convenience stores actively competing with grocery chains for the cigarette business. It is not uncommon to see convenience stores advertising competitive or lower prices on RJR ground mount signs.

Portland is a strong 100s market. NOW 100s show a 30 percent gain over last year. And both styles of Century 100s are performing well.

Among the innovations of the Portland division is the conversion of six-sided spinners to nine-sided displays, accomplished by adding module trays on each of the spinner's three ends.

What accomplishment gives Atkinson the most satisfaction? "My people," he quickly replies. "I'm proud of the people I hired. Reynolds gave me the standards to work with and I applied them. I would send my people anywhere. All of my people have potential."

Spokane

Spokane, with a population of 180,000, is the largest city between Seattle and Minneapolis/St. Paul," says Spokane Division Manager Herschel Stoops. "A lot of people are migrating from California because of the easy-paced lifestyle here. People enjoy the natural beauty and recreation this area has to offer. They don't care about getting rich and they

don't want to move."

Stoops manages 10 sales representatives, only three of whom are based in the Spokane office.

The Camel family shows the greatest growth potential in the

division, and has posted a 10 percent increase in the last year.

Like other divisions in the region, Spokane sales are skewed by large variations in cigarette taxes among bordering states. The Idaho state line is just 15 miles east of Spokane, and with state taxes at 91 cents per carton in Idaho versus \$2.30 in Washington, stores just across the border do an enormous cigarette volume.

Another important factor in every Spokane assignment is the Indian population. American Indians account for almost one-third of the division's population, and as tribal members, they are entitled to purchase tax-free cigarettes. Their purchases account for about 10 percent of the division's volume.

Stoops is a determined manager who takes great pride in his business accomplishments and in his rapport with his people. "We have 60 percent of the region's Grid III contracts," he boasts, "and we have achieved or exceeded every goal given to us."

"We continually dominate the market in distribution, merchandising and advertising," he adds. "I don't like second best."

Billings

"There was one comment made at the Wyoming Convention I thought was kind of cute," says Billings Division Manager Jerry Taylor. "Wyoming has a population of 400,000, and there are 500,000 antelope in the state."

The Billings division is the second-

largest in the region, with Taylor and Assistant Division Manager Richard A. Chapin managing nine sales representatives who work 500,000 square miles.

Area Sales Representative Rick Christman, whose assignment stretches north from Billings to the Canadian border and east to the North Dakota line, covers about 105,000 square miles.

Rick Moslet's central Montana assignment is small in comparison — only 70,000 square miles.

"To give you an idea of how big this division is," says Taylor, "when we had the FETAP program and we had to drive out personally to explain it, it took me eight days and 2,600 miles. And that was before they expanded the division to include the rest of Montana and more of Wyoming."

Among the accomplishments Taylor is especially proud of is RJR's presence at Yellowstone National Park. There are 13 Hamilton stores in the park, and each of them stocks only 12 brands. Eight of those brands — 66 percent — are made by Reynolds Tobacco.

"And the POS is exclusively ours," Taylor says. "About six million tourists pass through there each year."



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Gene Haisch wants to have it all

Regional Manager E.R. "Gene" Haisch Jr. wants to have it all, and he won't rest as long as there is anything more to be gained for R.J. Reynolds in the Seattle sales region.

"I'm never satisfied," Haisch admits. "You can't be. Until you attain 100 percent of the business, there's always more to do. Obviously, 100 percent is not realistic. But our goal is to dominate the market, from the smallest call to the largest call — and that is attainable."

Haisch believes in market dominance and he feels the best way to achieve it is by building a sales force that feels the same way.

"One of the fallacies of management, one of the mistakes people make, is to say, I am now a division manager, or I am now this, or that or the other thing, and therefore you should respect me," Haisch says.

"But that doesn't work. People don't respect you for your title. They respect you for what you show them you can do, or for what you are. I think you have to lead by demonstration, and I try to stress this when working with my people.

"I've flown out to remote parts of the region and worked with a sales rep all day and then driven for three hours to the next point where a sales rep would be," he continues. "And I think by doing something like that, people feel that I'm trying too — that I'm part of the effort."

But as much as he likes to get out in the field, Haisch also firmly believes in the values of a filter-down management structure. He believes that the titles and per-

quisites that people earn within a strict structure are among the most valuable motivational tools at his disposal.

"I think that the division managers are the keys to our business," he says. "If you have a strong division manager, you have a strong division."

And, he contends, one of the biggest factors in success is attitude.



Gene Haisch's goal is to dominate the Seattle market, from the smallest call to the largest.

"Give me five division managers with excellent attitudes and that will permeate throughout their organizations. You can't replace attitude and enthusiasm. If I don't believe, and I don't have a good attitude, and I don't continually think and charge and drive, my people won't.

"And my people have to be proud," he continues. "That's a big part of it. One of the greatest morale boosters we've ever had in this region was attaining SIP for the first half of 1984."

Haisch also ranks honesty high on his list.

"I think that's important. You have to be honest with people and you have to treat them fairly — treat them like adults and respect their position in life. Just because I'm a regional manager and they're sales reps, that doesn't make me any better a person. In a lot of cases it just means I've been around a lot longer."

Haisch has been around Reynolds Tobacco since 1967, when he joined the company as a sales representative in the Denver, Colo., division. He was promoted to assistant division manager in the Spokane, Wash., division in 1971, and to division manager in the South Seattle, Wash., division in 1976.

He transferred to the San Francisco, Calif., division in 1977, and was promoted in 1980 to budget and planning manager on the Pacific/Mountain Sales Area staff. He was promoted to assistant regional sales manager in the Denver sales region in 1983 and was promoted to regional manager in Seattle later that year.

"I believe we in management have two jobs," Haisch concludes. "Number one is to build business, and a good manager does anything it takes to do that. And his second responsibility is to train people. If you keep those two thoughts in mind, the business is reasonably simple.

"Unfortunately," Haisch continues, "there are all kinds of other things that enter into those two, but simply put, I think that's my whole attitude. Will what I am doing right now improve my business? If it won't, then I'm not interested in doing it anymore. If it will, then I'll do it to the best of my ability."

CAMEL COUNTRY



North Seattle DM John Alley and Secretary Diana Carter



Spokane ASR Sharon Wall



Billings DM Jerry Taylor (left) and ADM Rick Chapin



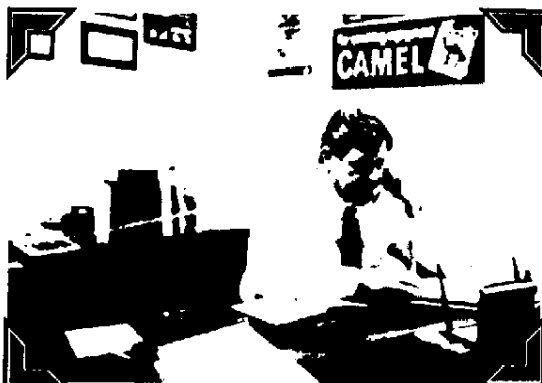
North Seattle SR John O'Guln



CAM Dick Allen (right) and Fred Meyer Merchandising Manager Lee Engle



Spokane ASR Warren Morrill



Portland DM Gary Atkinson



Portland ASR Bill Shelton



North Seattle ADM Chuck Julian

rapbook



South Seattle ASR Valerie Vessey



Spokane DM Herschel Stoops



South Seattle DM Dennis Hill and Secretary Janet Earle



Portland ADM Paul Wilhour



Billings ASR Rick Christman



Portland ADM Chris MacAdams



Billings ASR Rick Moslet

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'The Last Frontier' poses unique challenges for Alaskan supervisors

On a warm summer day, when they're making metro calls, their assignments seem much like any others. But come the dark days of winter and theirs are like no other assignments in the United States.

Out on icy roads by 7:30 a.m., they face two or three hours of darkness before the sun starts to rise. And then, by 2:30 p.m., it's time to turn their headlights on again.

Meet Alaska Sales Supervisors Colleen Babyak, John Banner and Willard Wells — the three RJR employees who cover the 587,000 square miles that are commonly called "The Last Frontier."

Now celebrating its 25th anniversary as the 49th state, Alaska is among the most scenic states in the country. It has 17 of the nation's 20 highest mountains and boasts 50 percent more coastline than "the lower 48." But Alaska also subjects its residents to some of the harshest climate and most rugged terrain to be found anywhere.



"Alaska is growing and it pays to get coverage all over the state," says Willard Wells.

Average January temperatures range from -14.4 in Barrow, the northernmost city in the United States, to a relatively warm 32.9 in the southeastern city of Ketchikan. The January average in Anchorage is a brisk 13 degrees.

Babyak and Banner are based in Anchorage, the state's largest city. Anchorage has a population of 255,000 — 60 percent of the state's total — and it is growing at a phenomenal rate, with a 25 percent population increase in just the last 18 months.

"The challenges are what really got me interested in coming up here," says Babyak, an eight-year RJR veteran who covers half of Anchorage and travels 250 miles north. "I think Reynolds Tobacco has the greatest opportunity in the world up here. And I think we're taking advantage of that."

Babyak notes that in the last year, she and her two Alaskan colleagues have boosted sales by more than 10 percent, to more than a 37 percent RJR share. They have also placed 66 overheads and about 70 ground mounts and pole mounts, which are particularly important since outdoor advertising is banned in the state, except on private property.

Among Babyak's recent accomplishments was selling Qwik Stop on RJR overheads and 120-pack wire MCDs. Qwik Stop, the dominant convenience chain, is growing about as fast as the population, with 11 new stores in the last three years. The chain now operates 30 stores and controls about 60 percent of the convenience market.

Carrs, the dominant grocery chain with 13 stores, claims 67 percent of the market. Safeway has about 25

percent, with the remainder divided among small independents.

"But small and independent can be misleading," notes Banner. "You've got to remember the volume of business these stores chug out. Now you can take the average Carrs and they are pulling in fairly close to three-



John Banner stocks a Flex merchandiser being tested in Carrs.

quarters of a million dollars each week. With cigarettes, you're looking at anywhere from 2,000 to 3,000 cartons a week."

Because Alaska is such a strong chain market, Babyak, Banner and Wells have to treat the chains with kid gloves. "One mistake can cost you dearly," says Banner. "It can wash you out of a dozen calls."

Banner covers half of Anchorage, as well as several remote parts of the state, including the Kenai Peninsula, Kodiak, Bethel and Kotzebue, which can only be reached by plane.

Wells, who is based in Fairbanks, about 400 miles north of Anchorage,

also covers many remote Alaskan calls. Because the weather is so harsh, Wells carries survival gear in his van, including a heavy parka coat and pants, insulated boots, heavy gloves, a hat and a down-filled sleeping bag. "If you have trouble on the road, you put everything on and climb into the sleeping bag and wait for help," he says. "Venturing out on your own would be disastrous."

Wells parks his van for a week or two each month and flies into such cities as Barrow and Nome. His assignment stretches 1,300 miles to its farthest call. "I was once stranded four days in Nome because of weather conditions," he says. "Nome is not that big and I practically lived in the few calls there."

In preparing for out-of-town trips, Wells and Banner pack their POS, merchandising needs and other materials and ship them to a store or jobber in the area the Friday before leaving. Upon arrival, they pick up the product and go to work.

Cigarettes are shipped to Alaska from Seattle on a barge to a bonded warehouse in Anchorage. Some are then trucked from Anchorage to Fairbanks. Although Alaska has a cigarette tax of 8 cents a pack, the state doesn't require tax stamps.

Everything in Alaska is expensive because most commodities must be shipped up from "the lower 48" states. While the cost of living is high, so is the average income, \$38,000 a year, per capita — most of it earned from oil, fishing and tourism.

Cigarettes, however, are relatively inexpensive. In a state where a dozen eggs costs \$2.25 and a gallon of milk is \$3.29, \$7.99 for a carton of cigarettes doesn't seem all that bad.

That's the primary reason that generics and low-priced cigarettes perform so poorly in Alaska. Generics have a .40 share, compared to a regional 5.7. "And there wouldn't be any generics at all if it weren't for the

military bases," Banner notes.

Teamwork is especially important in Alaska because all three Alaskan sales supervisors report to John Alley, the North Seattle division manager, who is stationed more than 1,400 miles away.

"We have to depend on each other a lot because we are so far away from the rest of the division staff," says Babyak.

"John Alley gives us direction, but we can't call him on everyday situations," adds Wells. "We have a certain amount of independence up here and we're responsible for solving problems."

All three supervisors agree that because of its growth rate, Alaska represents a golden opportunity for Reynolds Tobacco.

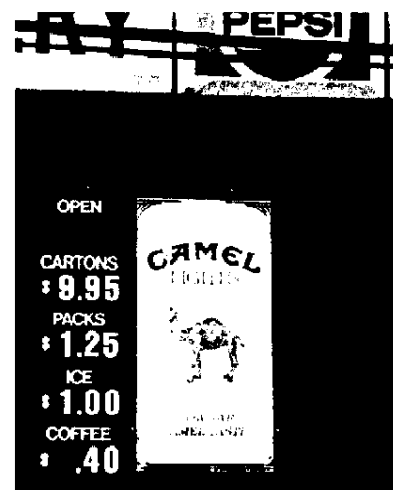
"Alaska has not nearly reached its potential," Banner asserts. "And if we want to maintain and better our position, we've got to be willing to go for it now."

Says Wells, "Alaska is growing and it pays to get coverage all over the state. The business is growing too, and the merchants are going to remember us in the future because we were the first to offer them service."

The reason service has been so scarce in the past is because of the transient nature of the population. "There are basically two kinds of people in Alaska," Banner notes. "Those who like it extremely well and those who hate it. There are very few in-betweens. And those who hate it generally get out of here pretty fast."

And which is he?

"I like Alaska," Banner says. "I mean, there are very few places where you can wake up and possibly see a moose in your front yard."



Innovative use of PDI creates strong Camel presence on the road to the Anchorage airport.



"The challenges are what really got me interested in coming up here," says Colleen Babyak.

Since you asked

Q: The major problem with our overhead program is that we can't get enough of them. Why is this, and will it change in the future?

A: The overhead program is one of the major items in the Merchandising Department's budget. For us to continue to provide all the merchandising items you need and stay within our budget, the overhead will continue to be an allocated item. Field surveys have been and will continue to be our guide in anticipating the number of overheads we produce. During 1984, the company has made a major commitment to the overhead program and has budgeted for additional quantities over and above the original estimates.

Q: The only different feature Phillip Morris has over our overhead is the crank. Why don't we put a crank on our overhead?

A: Positioning the height of an overhead, ours or a competitor's, most often occurs at the time of installation. We believe the most important consideration when selecting height is the consumer. If the height is set too low, the consumer and clerk lose sight of each other and the consumer might bump his head. If the height is set too high, the

dealer message board and the RJR advertising becomes ineffective. Most retailers will agree that their customers are more important than a slight inconvenience for their clerks. We also feel the other benefits of our modular overhead in comparison to competition far outweigh the crank feature. Furthermore, if the account does not qualify for a modular unit or is still concerned about reach, our mini-profile overhead was designed to reduce the reach for the clerk by reducing the overall profile, which at the same time allows for an unobstructed view across the counter.

Q: Some of our retailers are complaining that the overhead blocks light behind the counter. Can we provide some type of light on our unit to alleviate this problem?

A: We suggest the retailers purchase a "G.E. Stik Lite" locally and attach it to the very top cross bar of the overhead frame. The light should be plugged into the light can of the overhead, thus requiring the retailer to keep the front light on to light up the back.

Q: Why don't we improve the quality control on overheads to avoid needless repairs and customer complaints?

A: Our best quality control comes from the comments we receive from

Field Sales. Some recent improvements that have been made are:

- The side panels on the modular overhead are now securely fastened with a nut and bolt, instead of an insert in the side panel.
- The trays are made of 24-gauge steel, instead of aluminum, to prevent spring-tab latches from tearing out of trays.
- There is additional packing around the frame of mini-overheads to prevent gold aluminum from being bent during shipping.
- The plastic screws to hold the metal strip on the light have been replaced with brass thumb screws.

We remind you to fill out the quality control sheet packed with each overhead. Also, please be sure to read the instruction sheets for any minor changes or improvements.

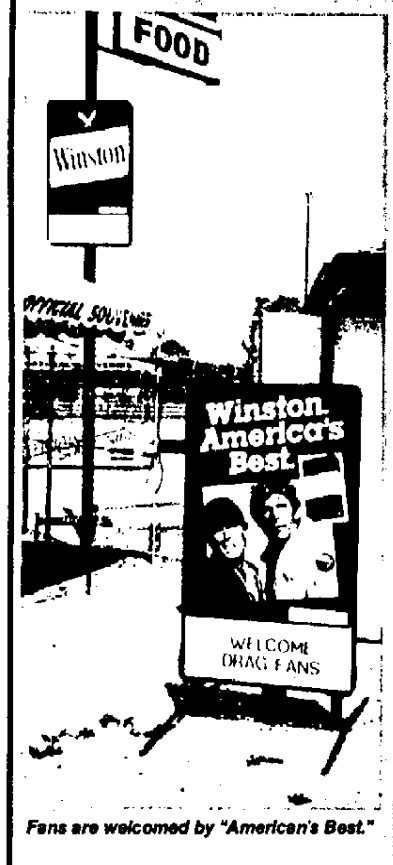
Replacement parts are available through our supplier by contacting J.B. Glenn in Winston-Salem. Please be specific in your requests.

The Merchandising Department in Winston-Salem appreciates your comments and encourages you to continue writing your valuable suggestions.

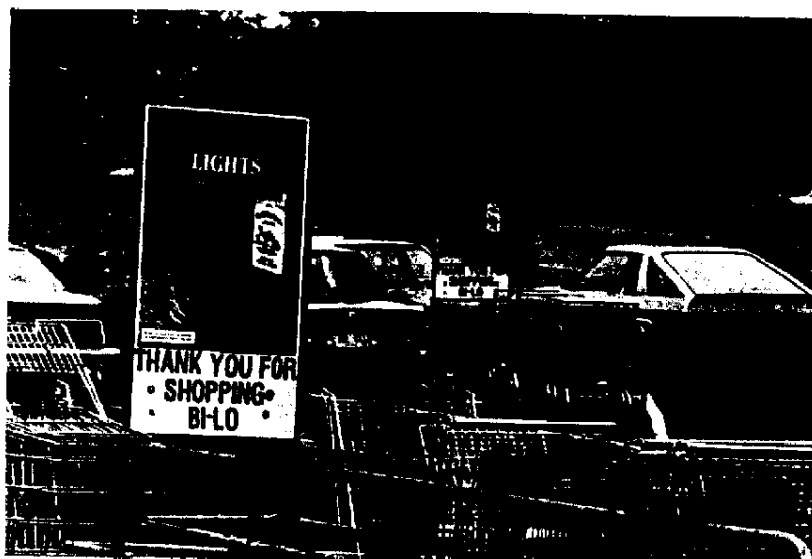
Ritter, Dawson team to win Winston race

Area Sales Representatives R.J. Ritter and J.L. Dawson of the Columbus, Ohio, division teamed up to gain outstanding advertising at the NHRA Winston Spring Nationals.

Together, they pre-booked 112 12-carton stackers featuring Winston Drag Race lighters, free with the purchase of two packs. They placed 265 Winston drag banners, five ground mounts, five pole mounts, one triangle pole mount, 38 metals and five Winston clocks. They also achieved exclusive distribution of RJR brands at the event.



Fans are welcomed by "America's Best."



Strong exit

Shoppers leaving the Bi-Lo Store in Lexington, S.C., can't help but notice the Camel Lights pole mounts placed on the parking lot shopping cart stands by Area Sales Representative K.S. Kessler of the Columbia, S.C., division. The mounts are evidence of Kessler's PDI dominance in his assignment.



Hayner hangs it

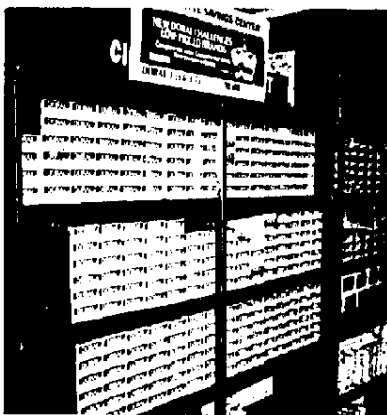
Area Sales Representative K.W. Hayner Jr. of the South Denver, Colo., division achieved very strong impact with Camel signage at this Corner Dairy. Hayner's fellow employees affectionately refer to the display as "Hayner's U-Hang-It Super Pole Sign."

Poole boosts Doral at Fort McClellan

Area Sales Representative E.E. Poole Jr. of the Birmingham, Ala., division has added to Doral's potential by installing a 15-case and a 20-case commissary carton rack at Fort McClellan in Anniston, Ala. The top three shelves stock Doral, with the bottom two maintained for generics.

Poole secured a 40-case order to fill the shelves and an additional 20 after the racks were installed and the product merchandised.

During installation, Poole sold five cases to consumers by explaining to regular generic buyers that Doral was the same price. Only six cartons of generics were sold during this three-hour period.



Doral has strong presence at Fort McClellan.

Cox sells Allsup's on 40-pack display

Area Sales Representative R.J. Cox of the Lubbock, Texas, division has really done up Doral. A good selling job resulted in Allsup's convenience stores accepting Doral with automatic shipment of 12 cartons per store and 40-pack display authorization.

The chain also agreed to a 23-by-34-inch store sign advertising Doral and accepted Winston battery clocks. To back the Allsup's sale, a 54-case Doral order was called in for Affiliated Foods.

Cox's accomplishment is in keeping with the achievements of his division. By the end of this year's second quarter, the Lubbock, Texas, division had sold 167 Grid IIIs, or 44.9 percent of its 372 plans.

Portland gets first with rosy display

The Portland, Ore., division made the 1984 Portland Rose Festival a rosy event for RJR by setting up a cigarette booth at the Rose Festival Fun Center. It was the first time the festival had had such a display.

Reynolds Tobacco had exclusive POS, PDI and brand distribution at the 10-day event, which was cut in half because of rain. During its five days, 200,000 people attended the festival and the stand sold 2,400 packs.

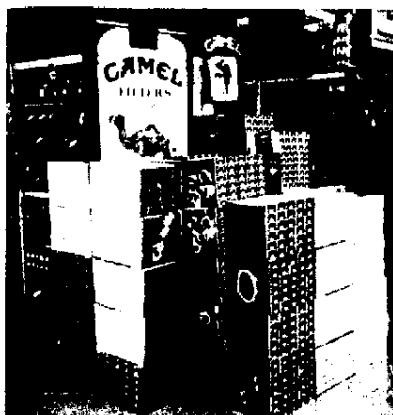


This Rose Festival cigarette booth was a first.

Howard gives Camel very grand opening

Area Sales Representative R.G. Howard of the Portland, Ore., division helped make the grand opening of a Consumer Warehouse in Coos Bay a very grand opening for the Camel brand family.

Howard's 43-case Camel display resulted in the sale of 15 cases during the warehouse's initial weekend.



This display moved 15 cases in one weekend.

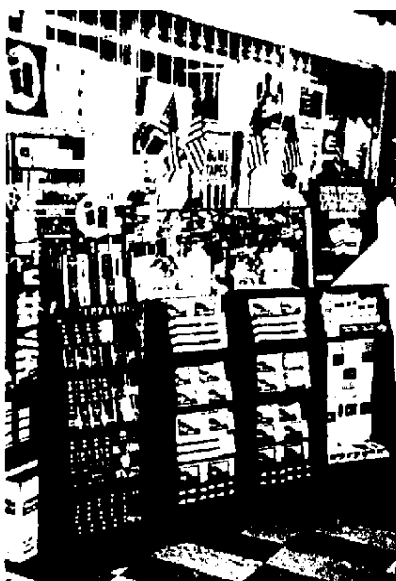
Williams convinces hospital to switch

Area Sales Representative R.A. Williams of the Norfolk, Va., division took advantage of an excellent opportunity to build volume and share on Doral at Eastern State Hospital in Williamsburg, Va.

For years, the hospital has issued gratis cigarettes to its patients, but because of costs, recent purchases have been generics.

Williams convinced the hospital to substitute Doral for generics and got a standing order through local jobbers for the delivery of 73 cartons each month for the next year — a total of 14 cases. The sale also increases trial and awareness by potential customers.

VENDING



Waltenbaugh blanketed retail calls near the Pennsylvania Arts Festival.

Waltenbaugh displays salesman's fine art

Area Sales Representative W.S. Waltenbaugh of the Harrisburg, Pa., division demonstrated the fine art of selling during Pennsylvania Arts Festival, a three-quarter-mile-long street festival in State College, Pa.

Realizing that more than 200,000 people would attend the annual five-day event, Waltenbaugh blanketed surrounding retail calls two days prior to the event, minimizing competitive action and ensuring RJR dominance.

In all, Waltenbaugh placed 30 cases of promotional items, including Alabama Tapes, Salem and Sterling B1G1Fs and Sterling lighters; 116 displays, including floor bases, dump bins, one carton, and 20- and 30-packs; and 196 Salem advertising materials, including banners, super ground inserts, business hours signs, calendars, change mats, metal signs, open/close decals and pasters.

Limon's ride/with gets Sterling score

A ride/with conducted by A.D. Limon, vending sales manager - field in the Chicago chain division, resulted in the placement of Sterling in 3,000 Zenith Vending Corporation machines and a letter of commendation to National Vending Manager R.D. Sherrod from James Contis, Zenith's director of operations.

Skinner gets Livendco to go with Coin-Mech

Persistence has paid off well for Area Sales Representative J.C. Skinner of the Panama City, Fla., division. Skinner recently converted Livendco, Inc. in Pensacola from Data Vend to Tru-Check, with the signing of a Coin-Mech contract.

In three annual Livendco ride/withs, Skinner has boosted RJR brand average from 8.2 to 11.3. He has also placed vending toppers and has refurbished vending panels on most of their machines.

Miskewycz convinces his last two vendors

Ihor Miskewycz, vending sales manager - field in the Cleveland chain division, has sold his last two vendors — Interstate United and Zell Vending — on Tru-Check. In doing so, he also boosted brand average with Interstate from 9.7 to 11.1, with 104 placements in 84 machines.

Miskewycz was also successful in selling Buckeye Vending their first work/with by any company in four years. That resulted in 432 placements in 276 machines, raising brand average from 9.2 to 10.6

Miskewycz has 38 vendors, with 5,923 machines, representing 61,234 RJR placements, for 10.3 brand average. That is 46.2 percent of his column average of 22.3.

Verrone gives lift to Chuck's and M&M

Area Sales Representative J.M. Verrone of the Alexandria, Va., division, obtained outstanding results while riding with Chuck's Vending in Manassas, Va., increasing RJR brand average from 9.85 to 10.95. Verrone made 122 placements at 40 locations — 77 placements were Sterling and 45 were other RJR brands.

Verrone also increased brand average with M&M Vending Company in Woodbridge, Va. Fourteen new placements in 16 locations boosted their average from 8.47 to 9.56.

Holt gets 78 percent signed on Tru-Check

Selling them on service, Dennis O. Holt, vending sales manager - field in the Seattle chain division, used a ride/with to convince Alpine Vending (160 machines) to convert to Tru-Check. The addition of Alpine brings 78 percent of the market's 5,350 machines to Tru-Check. RJR brand average in the market is a healthy 12.11.

Wright boosts brands in Melotone machines

G.E. Wright, vending sales manager - field in the Boston chain division, has substantially increased RJR product availability in the Boston market by raising RJR brand average in Melotone Vending's 1,000 machines from 5.9 to 7.0 in 20-column machines and to 8.0 in 22s.

PROMOTIONS & APPOINTMENTS

D.C. Hunt has been promoted to national manager - operational planning in the Home Office Sales Department.



Hunt joined the company in 1963 as a sales representative in the Sacramento, Calif., division. He was promoted to assistant division manager in the Phoenix, Ariz., division in 1968, and to division manager in the Omaha, Neb., division in 1972. In 1975, Hunt was promoted to manager - sales merchandising in the Home Office.

Cindy M. Spach has been named assistant trade relations program manager in the Home Office Sales Department.



Spach joined the company in 1974 as a sales representative in the East Los Angeles, Calif., division, where she was promoted to area sales representative in 1976. She was promoted to area manager - merchandising in the San Francisco, Calif., chain division in 1979 and to assistant division manager later that year. Spach was promoted to division manager in the Sacramento, Calif., division in 1983.

L.A. Sasso has been named sales merchandising manager in the North Central Sales Area.



Sasso joined the company in 1973 as a sales representative in the West Palm Beach, Fla., division, where he was promoted to area sales representative later that year. He was promoted to assistant division manager in the Phoenix, Ariz., division in 1977 and to division manager in 1980 in the same division. Sasso was promoted to vending sales manager in the North Central Sales Area in 1981 and to manager - training & development/vending/military in the same area in 1983.

L.W. Harbaugh has been promoted to division manager in the Riverside, Calif., division.



Harbaugh joined the company in 1979 as a sales representative in the Fresno, Calif., division. He transferred to the Bakersfield, Calif., division in 1980, where he was promoted to area sales representative. Harbaugh was promoted to assistant division manager in the Fresno, Calif., division in 1982.

B.O. Bailey has been promoted to division manager in the Sacramento, Calif., division.



Bailey joined the company in 1973 as a sales representative in the Pasadena, Calif., division, where he was promoted to area sales representative the following year. He transferred to the Riverside, Calif., division in 1981 and was promoted to assistant division manager in the San Jose, Calif., division the following year.

D.J. Gesmundo has been promoted to assistant division manager in the Charleston, S.C., division.



Gesmundo joined the company in 1981 as a sales representative in the Columbia, S.C., division, where he was promoted to area sales representative the following year.

K.T. Kensill has been promoted to assistant division manager in the Indianapolis, Ind., division.



Kensill joined the company in 1982 as a sales representative in the Ft. Wayne, Ind., division, where he was promoted to area sales representative the following year.

Linda F. Brewer has been promoted to assistant division manager in the East Houston, Texas, division.



Brewer joined the company in 1980 as a sales representative in the Memphis, Tenn., division, where she was promoted to area sales representative the following year. She was promoted to military and institutional sales manager in the San Antonio, Texas, division in 1983.

Monee T. Trausch has been promoted to assistant division manager in the Orange County, Calif., division.



Trausch joined the company in 1979 as a sales representative in the North Los Angeles, Calif., division, where she was promoted to area sales representative the following year. She was promoted to merchandising manager - field in the South Los Angeles division in 1982.

C.W. Jones has been promoted to vending sales manager - field in the Washington, D.C., chain division.



Jones joined the company in 1979 as a sales representative in the Washington, D.C., division. He transferred to the Alexandria, Va., division in 1980, where he was promoted to area sales representative.

B.C. Boer has been promoted to vending sales manager - field in the Milwaukee, Wis., division.



Boer joined the company in 1980 as a sales representative in the Minneapolis, Minn., division, where he was promoted to area sales representative the following year.

Idea exchange

M.F. Serrano has been promoted to manager - military and institutional sales in the San Diego, Calif., chain division.



Serrano joined the company in 1980 as a sales representative in the San Gabriel Valley, Calif., division, where he was promoted to area sales representative the following year.

Jan E. Mitchell has been promoted to merchandising manager - field in the Nashville, Tenn., division.



Mitchell joined the company in 1978 as a secretary in the Nashville division office and was promoted to sales representative in 1981. She was promoted to area sales representative the following year.

G.A. Schweitzer has been named merchandising manager - field in the South Los Angeles, Calif., chain division.



Schweitzer joined the company in 1973 as a sales representative in the Long Beach, Calif., division, where he was promoted to area sales representative the following year. He was promoted to training and development manager - field in the Los Angeles regional training and development division in 1982.

Correction

In the last issue of *Merchandise*, J.J. Borjeson Jr. was incorrectly identified as having been promoted to area sales representative in the New Haven, Conn., division in 1980. He was promoted to area sales representative in the Raleigh, N.C., division.

Overhead package merchandisers are more easily installed by leaving the front signs and drawers off until the merchandiser has been secured to the counter. This makes the merchandiser much lighter and easier to control.

Orlando, Fla., division
K.P. Fitzgerald

Proportionate loading of products in company vans is easier if you develop an organizational load plan chart. I made one using the revised Camel business hour frame stuck to the end of racks in the van and viewed through a plastic shield to protect the chart. The chart cuts down on out-of-stocks in the van, improving my effectiveness in calls.
Peoria, Ill., division
R.B. Suryk

Instead of contacting small vendors only when drafts are due or when we are working on special promotions, I try to drop a note in the mail to them at least once a month. I enclose pertinent information, i.e., share-of-market reports and information on new brands. Keeping in touch has helped me gain a few new placements.
Annapolis, Md., division
Paula S. Weir

With the introduction of new brands, I have found it useful to make several copies of the code numbers for that brand from the retailer's particular wholesaler and to insert the copy in the present catalog the retailer is using. It saves time and the retailer does not have to look up the numbers in order to place an order.

Bristol, Tenn., division
Joyce L. Seyler

While working my calls this week, I discovered that not only do metal signs fit nicely on ice coolers, but pull decals also work well. The ice coolers I am referring to are in front of liquor stores, food stores and

discount beverage shops. The owners of these types of stores seemed quite receptive to the idea.
Fort Lauderdale, Fla., division
R.T. Napp Jr.

It is possible to mount the Camel frame store hours sign under an obstruction by turning the frame upside down. When it is necessary to change hours on the sign, you remove the card from the bottom instead of the top. The sign can also be used on solid doors by turning store hours on the opposite side of the form adhesive.
Columbia, S.C., division
W.E. Fennoy

At our recent Doral meeting, I tested a new role-play situation. The division was divided into role-playing teams — sellers and buyers. This proved to be excellent in uncovering some of the objections that might arise during the introduction. Once we had made it through, we changed positions and went through it again. At the end, our sales representatives were ready for any objection.
East St. Louis, Ill., division
C.R. McGeorge

I have found that keeping one of the Camel store hours sign keys on my vehicle key ring saves me time because when changing the hours, a new sign kit is not needed, but the key is.
South Los Angeles, Calif., division
T.P. Kelly

The mini-profile four-foot and six-foot overheads have satisfied the need for a unit that is workable in accounts with short and tall employees. Short employees can reach the top tray and tall employees can see under it without bending down. It also works well in accounts with low ceilings where our MOPM does not fit.
North Philadelphia, Penn., division
L.T. Wolfe

Mack masters high-volume flea market

Area Sales Representative Julie Mack of the Sacramento, Calif., division has gained an exclusive on RJR merchandisers, displays and PDI at the Roseville flea market/auction, California's largest.

For the past seven years, Bob and Rose Brown have operated the only two concession stands that sell cigarettes at the year-round flea market, which averages 20,000 visitors per weekend.



SALES

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